

LUCE FORWARD

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SAN DIEGO REGIONAL
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CONTROL BOARD

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Mark A.
pls take action
for Big Red Mtg.

24426-00042

June 5, 2003

Via Facsimile and United States Mail

Mr. John H. Robertus
Executive Officer
California Regional Water Quality Control Board, San Diego Region
9174 Sky Park Court, Suite 100
San Diego, CA 92123

Re: *Shea Homes/Kelly Ranch*
ACL Complaint No. R9-2003-0161 – Settlement

Dear John:

This will confirm the agreement that was reached at our meeting today between Shea Homes and representatives of the Regional Water Quality Control Board staff wherein we agreed to resolve the ACL complaint currently pending and scheduled for hearing on June 11, 2003 as follows:

1. Complaint No. R9-2003-0161 will be withdrawn/dismissed.
2. Shea Homes will make contribution in lieu of assessment of civil liability in a total amount of \$60,000.00, of which \$40,000.00 will be paid to the Agua Hedionda Lagoon Foundation for a supplement environmental project, and \$20,000.00 will be paid to the State of California Cleanup and Abatement account.
3. Shea Homes will provide technical assistance to the Agua Hedionda Lagoon Foundation in its fund raising efforts.
4. Shea Homes is and will remain in compliance with the General Permit and all applicable storm water regulations at Kelly Ranch, which will be confirmed by an inspection by Christopher Means of your office.
5. The settlement is without an admission of liability and will resolve all liability which was alleged or could have been alleged in ACL Complaint No. R9-2003-0161, including all past violations at Kelly Ranch.

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6. The hearing currently scheduled for June 11, 2003 in this matter will be postponed to permit public notice of this settlement. Shea Homes hereby waives its right to require a hearing be held within 90 days of the issuance of the ACL Complaint pursuant to Water Code Section 13323(b).

Thank you for your cooperation in this matter. If you have any questions concerning any of the above, please do not hesitate to contact me.

Sincerely,



Stephen L. Marsh

of

Luce, Forward, Hamilton & Scripps LLP

SLM:rj

cc: Mr. Paul Barnes
John Richards, Esq.
Mr. Mark Alpert (facsimile/mail)
Mr. Vincente Rodriguez
Mr. Christopher Means

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